

Message Text

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ACTION NEA-10

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INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

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AMEMBASSY TEHRAN

USINT BAGHDAD

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E.O. 11652: N/A

TAGS: BMEP, BEXP, ENRG, KU

SUBJECT: KUWAIT AWARDS APPROX. \$60 MILLION IN ADDITIONAL
LPG EQUIPMENT CONTRACTS - US FIRMS FARE WELL

REF: (A) KUWAIT 2261 (B) KUWAIT 1966 (C) KUWAIT 1842 AND PREVIOUS

1. SEVERAL US FIRMS INCLUDING GE, DRESSER/CLARKE, SOLAR, AND COOPER-BESSEMER WON CONTRACTS ON JUNE 7 AND 8 FOR SUPPLY OF COMPRESSORS AND DRIVERS FOR THE KUWAIT LPG PROJECT. AFTER SEVERAL MONTHS DELAY MINISTRY OF OIL OFFICIALS WORKING WITH PROJECT CONSULTANT BECHTEL CONCLUDED LETTERS OF INTENT WITH THESE US FIRMS AND SEVERAL EUROPEAN SUPPLIERS FOR COMPRESSORS, TURBINES AND ENGINES, FOR THE BOOSTER STATIONS FOR BOTH THE GATHERING FIELDS AND TRANSMISSION LINES.

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2. ALTHOUGH NO OFFICIAL ANNOUNCEMENTS ARE BEING MADE CONCERNING CONTRACTS AWARDED EMBASSY HAS PIECED TOGETHER FOLLOWING INFORMATION CONCERNING CONTRACT AWARDS:

A) GE WON A CONTRACT TO PROVIDE 10 GAS TURBINES TO BE BUILT IN SCHNECTADY, N.Y. TO DRIVE 10 COMPRESSORS AT TWO BOOSTER STATIONS LOCATED ALONG TRANSMISSION LINES. VALUE OF THIS CONTRACT PROBABLY IN AREA OF \$24 MILLION OR HIGHER.

B) DRESSER/CLARKE SOLD FIVE "HIGH-STAGE" COMPRESSORS FOR USE AT TWO BOOSTER STATIONS LOCATED ALONG TRANSMISSION LINES AND SOLD SMALLER COMPRESSORS TO BE USED IN NORTHERN GATHERING FIELDS. ORIGINALLY DRESSER/CLARKE QUOTED WITH U.S. MANUFACTURED EQUIPMENT BUT CLAIMS BECHTEL PREFERRED THE COMPRESSORS PRODUCED BY ITS LEHAVRE PLANT IN FRANCE. THUS, OF TOTAL OF \$18.5 MILLION IN COMPRESSOR, TURBINE, AND ENGINE SALES ABOUT \$14 MILLION WILL BE FRENCH MADE WITH ABOUT \$2 MILLION IN TURBINE PARTS COMING FROM U.S. SHOULD BE NOTED THAT DRESSER/CLARKE'S BID INCLUDED USE OF MOXE-AVON TURBINES MANUFACTURED BY ROLLS-ROYCE. VALUE \$2.5 MIL.

D) SOLAR, A DIVISION OF INTERNATIONAL HARVESTER, SOLD SIX COMPRESSORS FOR USE IN FIVE OF THE SIX REMAINING GATHERING FIELDS. THESE UNITS WILL BE PRODUCED IN SAN DIEGO. ESTIMATED VALUE \$5 MILLION.

E) COOPER-BESSEMER IS PROVIDING THE COMPRESSORS FOR 1 GATHERING STATION. THIS EQUIPMENT IS PRODUCED IN MT. VERNON, OHIO. CONTRACT IS FOR \$2.4 MILLION.

F) CREUSOT-LOIRE, A FRENCH LICENSEE OF COOPER-BESSEMER SOLD 5 LOW-STAGE COMPRESSORS TO BE USED AT TWO BOOSTER STATIONS ALONG TRANSMISSION LINES. VALUE OF THIS CONTRACT IS ESTIMATED AT \$5-7 MILLION.

3. THE TOTAL VALUE OF ALL CONTRACTS AWARDED LAST TWO DAYS WAS AUTHORITATIVELY PLACED AT KD18.7 MILLION OR ABOUT \$60 MILLION. CONTRACTS FOR THIS PROJECT WERE AWARDED EARLIER TO SEVERAL US AND EUROPEAN FIRMS. AS PREVIOUSLY REPORTED CHICAGO BRIDGE AND IRON SOLD \$20 MILLION WORTH OF STORAGE TANKS, AND LIMITED OFFICIAL USE

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WORTHINGTON TURBODYNE SOLD \$4.5 MILLION OF STEAM TURBINES FOR PROCESS PLANTS. DEMAG (FRG) SOLD \$5.5 MILLION COMPRESSORS FOR SAME PROCESS PLANTS AND STEIN-MULLER LENTZ (FRG) SOLD STEAM BOILERS FOR PORJECT (SEE REF A).

4. MAIN LOSERS WERE UNITED TECHNOLOGIES' PRATT AND WHITNEY DIVISION WHICH WENT AGAINST GE, AND INGERSOLL-RAND WHICH WAS IN COMPETITION WITH DRESSER/CLARKE. BIGGEST SURPRISE WAS

AWARD OF FIVE COMPRESSORS TO CREUSOT LOIRE. SOME OBSERVERS
BELIEVE IN WAKE OF AMIR'S VISIT TO FRANCE KUWAIT WANTED THROW
FRENCH SOME BUSINESS. WHILE THIS MAY BE TRUE, MOST LIKELY FRENCH
GOT CONTRACT BECAUSE FRENCH GOV'T AGENCY GUARANTEED FRENCH
COMPANY AGAINST EXCHANGE LOSSES
HELPING THEM KEEP THEIR PRICE LOW. LAST SUMMER US FIRMS WERE
SLOW TO REGISTER AS SUPPLIERS FOR THIS PROJECT, AND AT ONE POINT
EMBASSY REPORTED COOPER-BESSEMER ONLY US COMPANY REGISTERED
TO BID WITH ONLY SEVERAL WEEKS TO GO. WE DON'T KNOW IF IT WAS
USG EFFORTS OR HUSTLE OF LOCAL AGENTS WHICH FINALLY GOT US
COMPANIES PARTICIPATING, BUT FINAL RESULTS JUSTIFY OUR OBSERVATION
THAT US COMPANIES ARE, INDEED, VIABLE IN KUWAIT WHEN THEY PUT
FORTH NECESSARY EFFORT.

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